

**Testimony of Elizabeth Lowery
Before the House Energy and Commerce Committee
Subcommittee on Energy and Air Quality
Regarding Alternative Fuels
(May 8, 2007)**

Good morning. My name is Elizabeth Lowery and I am Vice President for Environment, Energy, and Safety Policy at General Motors. I am pleased to be able to speak to you today regarding GM's plans for expansion of vehicle offerings capable of using E85 ethanol fuel and the need for ramping up the availability of this fuel and the infrastructure needed to make it available to American consumers.

Today's automotive industry provides more in the way of opportunities – and challenges – than we have seen in its entire history. On the challenge side, there are serious concerns about energy supply, energy availability, sustainable growth, the environment, and even national security issues that, collectively, have come to be called “energy security.” And the fact of the matter is that it is highly unlikely that oil alone is going to supply all of the world's rapidly growing automotive energy requirements. For the global auto industry, this means that we must – as a business necessity – develop alternative sources of propulsion, based on alternative sources of energy in order to meet the world's growing demand for our products. The key is energy diversity, which can help us displace substantial quantities of oil that are consumed by U.S. vehicles today.

This is a huge assignment. But it's also an extraordinary opportunity. By developing alternative sources of energy and propulsion, we have the chance to mitigate many of the issues surrounding energy availability. We will be able to better cope with future increases in global energy demand. We will minimize the automobile's impact on the environment.

This means that we must continue to improve the efficiency of the internal combustion engine, as we have for decades. But, it also means we need to dramatically intensify our efforts to displace petroleum-based

fuels by building more vehicles that run on alternatives, such as E85 ethanol, and, very importantly, by significantly expanding and accelerating our commitment to the development of electrically driven vehicles.

Today I want to focus on our activities to accelerate the availability and use of alternative fuels. We believe that the biofuel with the greatest potential to displace petroleum-based fuels and provide carbon dioxide emissions reductions in the U.S. is ethanol. As a result, we have made a major commitment to produce vehicles that can run on E85 ethanol.

We believe there are many benefits of using E85:

- Ethanol is a renewable fuel
- Using E85 helps reduce greenhouse gas emissions
- Using E85 helps to reduce smog forming emissions
- Using E85 can help to support the domestic agriculture industry in the U.S. and support new job growth

GM has produced more than 2 million E85 capable vehicles that are on the road today. For the 2007 model year, we have 16 flex fuel models, from pickups and SUVs to full-size vans and minivans, to our best selling Impala and Monte Carlo midsize family cars. But that is just a start. Along with DaimlerChrysler and Ford, we announced in June of last year that America's three domestic auto companies will double our production of vehicles capable of running on renewable fuels by 2010. That's more than two million E85 and biodiesel-capable vehicles a year by the end of the decade – the single largest commitment to renewable fuels in our nation's history. And then, later last year -- in a meeting with President Bush -- GM, Ford and Daimler Chrysler announced that America's domestic auto companies were prepared to make fully half of our annual vehicle production biofuel capable by 2012, provided there is ample availability and distribution, as part of an overall national energy strategy.

Let me put the significance of these announcements in perspective. If all of the E85 capable vehicles on the road today -- along with those that GM, Ford, and DaimlerChrysler have already committed to produce over

the next 10 years -- were to run on E85, we could displace 22 billion gallons of gasoline annually by 2017.

Furthermore, if all manufacturers made the same commitment, we could increase this displacement of gasoline to 37 billion gallons annually.

So, the potential of biofuels like E85 to significantly displace petroleum is within our grasp today. The vehicles are on the road or in the works, but they are not being fully utilized because of constraints on E85 supply and distribution.

To help address these constraints, we're partnering with government, fuel providers, and fuel retailers across the U.S. to help grow the E85 ethanol fueling station infrastructure. In 2006, there were 600 E85 refueling stations, today the number of stations has more than doubled to over 1200. Since May of 2005, GM has helped add 240 E85 fueling stations in 13 states -- with more to come. Some highlights include:

- In 2005, GM co-marketed fuel coupons and owner awareness in Sioux Falls, South Dakota.
- The Department of Energy awarded a grant to a team from GM, CALSTART, Pacific Ethanol, CleanFUEL USA, Community Environmental Council, and others to add 15 E85 pumps in California.
- GM has partnered with Kroger - in Texas and we've helped E85 outlets grow from 1 to 27 in the past year.
- Through our partnership with Kroger pumps are in operation in Ohio with co-marketing events including a dealer breakfast.
- GM is supporting the state of Colorado with the recently announced opening of 40 additional stations including "85 cent fuel days" promotions.
- We have partnered with Meijer, CleanFuelUSA, the State of Michigan and the State of Indiana to introduce approximately 40 new retail outlets.
- We have similar partnerships in Illinois that launched 20 stations with VeraSun, Gas City and Shell; and in Minnesota with VeraSun and Erickson Oil accounting for 10 additional stations.

We need to do more of this – and we will.

In addition to our partnerships to enhance availability and distribution, GM is heavily engaged in the promotion and education sides of developing the ethanol marketplace. We launched a national advertising campaign in February of 2006 -- beginning with an ad during the 2006 Super Bowl hosted in Detroit. The visibility and viewership presented by the Super Bowl offered a great opportunity for us to launch a major marketing and advertising campaign that focuses on key energy diversification issues. After the Super Bowl, the campaign continued through the 2006 Winter Olympics. Web traffic to our Livegreengoyellow.com website was in the millions as consumers investigated E85, GM flex fuel vehicles, and station locations.

In addition, GM has also partnered with the Governors' Ethanol Coalition to loan E85 flex fuel vehicles to 28 states and organizations so that they may use them to educate the public and promote the benefits of using ethanol. This partnership has been extended through 2007. We have also provided a \$1000 E85 fuel coupon available with a new vehicle purchase in the Chicago and Minneapolis areas. And across the country, flex fuel vehicle owners of vehicles equipped with OnStar need to simply press the blue OnStar button and get directions to the nearest E85 pump.

We are also equipping our E85 capable cars and trucks with yellow fuel caps and exterior flex fuel badging. This will help consumers know that their vehicle is flex fuel capable. The yellow cap will also be a regular reminder that these consumers have a fuel choice each time they fill up their tank.

So, overall, technology, biofuels and energy diversity are the best answers to oil security concerns. And, as we pursue these technologies – and more energy diversity – there are steps the government can take to help.

- First, we need a strong and sustained push from Congress and the Administration to support biofuel production, including next-generation cellulosic ethanol.
- Second, the biofuels infrastructure should be significantly expanded. The market response to renewable fuels is encouraging, but it needs to reach a self sustaining level that is not lessened when gasoline prices fall. Steps to increase the availability of biofuels should help increase its use. Government

should continue incentives for: the manufacture of biofuel-capable flex fuel vehicles and increased support for broad-based infrastructure conversion.

- Third, government purchasing should set the example. Government fleets can help lead the way to bringing new automotive technology to market and bringing down the cost of new technologies. The government should continue to purchase flex fuel vehicles, require maximum utilization of E85 in the government flex fuel fleets and use federal fueling to stimulate publicly accessible pumps.

Before concluding, let me note the importance of the Underwriter's Laboratory process of certifying the safety of the dispensing equipment for E85. Certification of the dispensing systems is critical for widespread development of E85 infrastructure. Since the use of E85 here and in other parts of the world is well established at this point, we are optimistic that this process can be completed quickly. Our technical experts are assisting UL and we know that UL is working hard on this project. We urge the Committee to stay abreast of this process as well – to make sure that no artificial hurdles arise to needlessly slow the UL approval process.

In summary, we believe tomorrow's automobiles must be flexible enough to accommodate many different energy sources. A key part of that flexibility will be enabled by the continued focus on getting E85 fuel and vehicles capable of using that fuel into the market quickly. We look forward to working with the Congress and the Administration to make this even more of a reality.